



8.0 Cost of Development Element

The Cost of Development Element of the Goodyear General Plan 2003-2013 provides guidance for the provision of public services, infrastructure, and facilities in a fair, efficient, and fiscally responsible manner. In response to continued and accelerating population growth and physical development, the Cost of Development Element plays a key role in ensuring that the City will maintain and improve existing levels of service.

The Cost of Development Element is organized into the following four sections to more distinctively communicate the City's future direction related to financing future development:

- Background
- Cost of Development Goals, Objectives, and Policies
- Cost of Development Use and Capacity
- Cost of Development Element Implementation Activities

8.1 Background

The Cost of Development Element is a statutorily mandated element for growing communities with more than 2,500 inhabitants. The Cost of Development Element is mandated to include:

- A component that identifies various mechanisms allowed by law that
 can be used to fund and finance additional public services necessary to
 serve the development, such as bonding, special taxing districts,
 development fees, in lieu fees, facility construction, dedications, and
 service privatization.
- A component that identifies policies to ensure that any mechanisms
 that are adopted by the municipality under this element result in a
 beneficial use to the development, bear a reasonable relationship to
 the burden imposed on the municipality to provide additional
 necessary public services to the development, and are otherwise
 imposed according to law.







In addition to the statutory requirements, the Cost of Development Element is an important guide for Goodyear as the City has experienced significant growth over the past decade and will experience significant growth pressures in the foreseeable future because of its affordable and available land base. The City is expected to grow from 18,911 residents in 2000 to approximately 389,500 residents at buildout, a nearly sixteen-fold increase in population. Extensive and rapid increases in population growth will produce increasing demands on the City for public services, infrastructure, and facilities.

Providing a wide range of services and infrastructure is a basic responsibility of local municipalities. The City of Goodyear provides the following services, infrastructure, and facilities to all or a portion of its homes and businesses:

- Building Safety
- Code Enforcement
- Parks and Recreation
- Street Maintenance
- Water Services
- Wastewater Services
- Sanitation Services
- Police Services
- Fire and Emergency Services

In order to sustain and enhance the City's provision of adequate services and facilities for Goodyear's residents and workers, the City must generate revenues and make expenditures. While the City is not allowed to operate in a deficit capacity (i.e., spend more revenue than it generates), the City's annual expenditures are based upon the annual revenues and fund balances carried over from the previous year. Funds are independent fiscal entities administered by the municipality to operate activities; they generate assigned revenues, expenditures, assets, liabilities, reserves, and residual balances. Funds may have City Council authorization for spending that continues annually (known as nonexpendable or revolving funds) or they may have authorization for spending that expires at the end of the year (known as expendable funds).

Supporting all of the City's services that are not assigned to other funds (i.e., police, fire, administration), the general fund is well known and is the fund with which the City Council has the most discretion in terms of the desired







financial allocation and expenditure of each fund. Capital improvement funds obtain resources from long-term debt and intergovernmental grants in order to acquire/construct major assets that have a multi-year useful economic life (i.e., roadways, wastewater treatment plants, storm sewer systems). Other funds include the following: special revenue funds (with revenues designated for specific uses); debt service funds; enterprise funds (i.e., municipal utility services); and pension/retirement funds.

Another way of examining the City of Goodyear's funds is to divide them into operating revenues/expenditures and capital revenues/expenditures.

Operating revenues/ expenditures are those that occur annually and on an ongoing basis including maintenance costs. The annual expenditures and the revenues necessary to pay for the expenditures both occur and largely balance each other in the same year. By comparison, capital expenditures occur once and are not on-going, although they may occur over multiple years. In addition, capital expenditures are typically funded by debt that must be repaid in the years following the actual capital expenditures (so the associated expenditures and revenues are in balance, even if spread over a period of years). For FY02-03, the City has identified budget operating revenues of \$33.9 million and budget capital revenues of \$74.4 million (government entities generally report their financial performance for a fiscal year, abbreviated as FY, which extends from July 1 to June 30 of the following year).

As the City grows and develops, the demand for City services, infrastructure, and facilities also increases, including their associated expenditures. For example, the City's operating expenditures increased from \$14.4 million in FY97-98 to \$33.1 million budgeted for FY02-03. In order to meet these expenditures, the City total operating revenues have increased from \$16.5 million in FY97-98 to the \$33.9 million budgeted for FY02-03. In total, the City has budgeted \$134.3 million in expected expenditures and \$137.1 million in projected revenues for FY02-03.

Comprising a ratio of 40.8 percent, bond/loan proceeds comprise the largest component of the City's FY02-03 budget revenues, as shown in Figure 8-1, City Revenues and Expenditures. Fund balances, the total in various City accounts that are carried over from the previous year, are expected to account for revenues of 21.0 percent. Local taxes, including sales and franchise taxes, are budgeted to account for 13.4 percent. All other sources are budgeted to contribute the remaining 24.8 percent of revenues, including state shared







revenues (transfers from the State of Arizona that are based primarily on population), user fees (for water, sewer, sanitation services), building and zoning fees (generated primarily by development activities), and all other sources.

The City of Goodyear has total budget expenditures of \$134.3 million for FY02-03, as also shown in Figure 8-1. At 64.7 percent, capital improvement projects (CIP) are budgeted to account for the largest portion of these expenditures. Public works (roadways, water and sewer construction/operation, solid waste collection and street cleaning) and public safety (police and fire protection) are expected to account for 10.1 percent and 9.8 percent to expenditures, respectively. Administration is budgeted to comprise 5.3 percent of expenditures, while the remaining three categories (planning and development services, contingency, and debt services) are expected to account for the remaining 10.1 percent of expenditures. Another key aspect of the City's budget is maintenance, which is required for all constructed infrastructure and capital facilities, and replacement and depreciation costs (i.e., vehicles, etc.) for municipal assets that must be reacquired when their useful life has been depleted.

A wide range of funding mechanisms are available to the City of Goodyear, as shown in Table 8.1, City of Goodyear Funding Mechanisms.

The table provides a summary description of each mechanism, its advantages and disadvantages, FY02-03 budget use, and potentially available capacity. In evaluating potential funding mechanisms, it is necessary to consider the following issues:

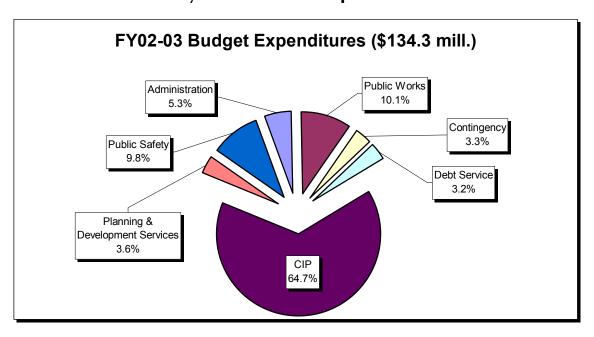
- **Enabling Legislation** Has the municipality been granted the right to use the funding mechanism?
- **Due Process** Is the funding mechanism substantively related to the community's development goals? Have proper procedures been followed in adopting and utilizing the funding mechanism?
- **Takings** Is there a rational relationship ("rational nexus") between the funding mechanisms and the impact of new development?
- **Proportionality** Is the level of the burden imposed proportional to the cost of new public services?
- **Benefit** Will monies from the funding mechanism be used in a reasonable period of time to benefit those providing the funding?







Figure 8-1 City Revenues and Expenditures



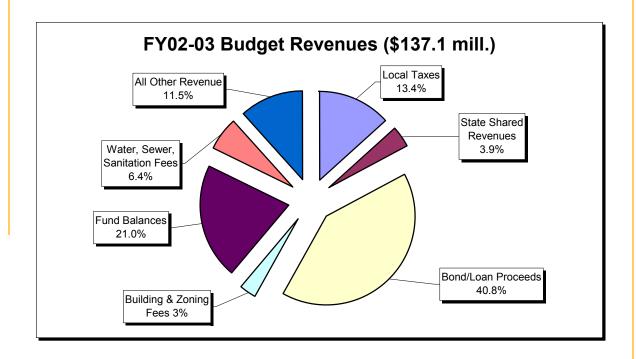








Table 8.1

City of Goodyear Funding Mechanisms

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					Potential
Name	Description	Advantages	Disadvantages	Budget FY02-03	Available Capacity
Fund Balances	Monies remaining from the previous fiscal year in the individual funds (i.e., General Fund, Debt Service Fund, CIP Fund).	Equivalent to cash (i.e., no borrowing costs, no fees, etc.)	May be restricted to specific uses (i.e., Debt Service Fund, CIP Fund).	\$28.8 million (21.0 percent of total \$137.1 million budget).	Not applicable – not subject to limits. Limited only by previous fiscal year end balances.
General Fund	Supports all services not assigned to other funds (i.e., police, fire, administration).	Flexibility of use (capital or operating expenditures, debt obligation); no voter approval required; flexible structure; and used for variety of development types (existing, new, emerging).	Sensitivity to revenues sources (i.e., sales taxes, state shared revenues).	\$2.9 million budgeted to be transferred to capital revenues (3.9 percent of capital revenues).	Not applicable – not subject to limits.
Intergovernmental Transfers	Revenues from the State or U.S. government, typically determined based on population or tax revenues, and linked to specific uses (i.e., roads).	Received from outside the municipality.	Usually restricted to specific uses and frequently requires matching local funds.	\$5.3 million in state shared revenues (15.6 percent of operating revenues). \$0.2 million Community Development Block Grant (<1.0 percent of capital revenues).	Not applicable – function of population and other criteria.
Property Tax	Tax imposed on assessed property value, with a primary component (subject to state limits) and a secondary component (subject to voter approval). May fund operating and capital expenditures.	Potentially large and stable revenue source; familiar to taxpayers; increase with property value; limited avoidance; flexible use of funds (operations, capital expenditures); deductible from taxes.	Increase property costs and weak link between revenues and expenditures.	\$2.6 million in primary property tax (7.7 percent of operating revenues). \$1.7 million in secondary property tax levy (2.3 percent of capital revenues)	City has no additional primary assessed valuation capacity. Rate increases require Truth & Taxation hearing and City Council approval.







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					Potential	
Name	Description	Advantages	Disadvantages	Budget FY02-03	Available Capacity	
Transaction Privilege (Sales) Tax	Tax imposed on sales activities within the municipal boundaries. May fund operating and capital expenditures.	Ease of administration; may be added to state/county sales taxes; taxation of residents and non-residents; flexible use of funds (operations, capital expenditures).	Sensitivity to sales activities; potentially regressive nature; potential to shift sales to outside taxing area.	\$10.4 million (30.6 percent of operating revenues), including \$2.8 million for restaurants/bars/lodging (see Specialty Industry Tax below).	Rate increases do not require voter approval.	
				The City imposes a transaction privilege (sales) tax of 2.0 percent. Large items over \$2,000 (i.e., cars, electronics, furniture, etc.) are taxed at 1.2 percent.		
Franchise Taxes	Taxes on services provided by a private entity authorized by the municipality to provide utility and/or related services (i.e., electricity, gas, cable TV).	Flexibility of use (capital or operating expenditures, debt obligation); no voter approval required; administrative efficiency; used for variety of development types (existing, new, emerging).	Sensitivity to demand for franchised services (i.e., electricity sales).	\$0.8 mill. (2.4 percent of operating revenues). 2.0 percent electricity and gas franchise taxes (no 2.0 percent sales tax charged) and 3.0 percent cable TV tax (in addition to 2.0 percent sales tax).	Not applicable – not subject to limits.	
User Fees	Recovers costs for services provided by the municipality (i.e., building and zoning, water, sewer, sanitation, recreation, administration). May fund operating and capital expenditures.	Flexibility of use (capital or operating expenditures, debt obligation); no voter approval required; flexible structure (i.e., flat/progressive, monthly/annual); direct relationship between use, charges, and debt obligations;	Not deductible from income; if flat fee structure, then user income not taken into account.	\$12.8 million (37.8 percent of operating revenues).	Not applicable – not subject to limits.	







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Name	Description	Advantages	Disadvantages	Budget FY02-03	Potential Available Capacity
		administrative efficiency; used for variety of development types (existing, new, emerging).			
Special Industry Tax	Tax on a specific industry or activity (i.e., rental car tax, hotel bed tax, passenger tax). Typically used to fund specific activities (i.e., tourism, cultural and/or sports). May fund operating and capital expenditures.	No voter approval required; ease of administration; may be added to state/county special industry taxes; taxation of residents and non-residents; flexible use of funds.	Possible resistance to targeted industry (i.e., tourism) and related customers (i.e., tourists).	\$2.4 million (7.1 percent of operating revenues). In addition to City's excise/sales tax rate of 2.0 percent (see above), an additional 2.0 is imposed for lodging (hotel/motel tax) and an additional 2.0 percent for restaurants/bars.	Rate increases do not require voter approval.
Development (Impact) Fees	One-time fees imposed on developers for additional public infrastructure and facilities to serve new development.	Development pays for additional services; increased coordination between development and services; cost/benefit transparency; reduced need for other revenue sources.	Complex adoption and administrative procedures; used for new development only; used to existing level of service only.	\$1.6 million in development fees (2.1 percent of capital revenues). \$2.5 million in water resource and water development fees (3.3 percent of capital revenues). \$0.5 million in sewer development fees (<1.0 percent of capital revenues).	Not applicable – not subject to limits, but must meet rational nexus and proportionality tests.
General Obligation (GO) Bonds	Promissory notes backed by the municipality's ability to generate revenues, especially via	Flexible use of funds (primarily for capital expenditures); well- developed financial market.	Subject to statutory debt limits; voter approval required; complex administrative	\$16.0 million in general obligation bond proceeds (21.5 percent of capital revenues).	Total voter authorized bonding capacity of \$160 million.







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Name	Description	Advantages	Disadvantages	Budget FY02-03	Available Capacity	
	taxes. Typically used for capital expenditures.		procedures; weak relationship between revenues and expenditures.	Bonds issued in July 2002 have ratings of Aaa/AAA (insured), the highest rating possible.	State constitutional limit (year 2002) of \$10.4 million for general purposes (may not exceed 6 percent of secondary assessed valuation), with \$0.5 million unused.	
					State constitutional limit (year 2002) of \$34.9 million for water, lights, sewer, open space, and parks (may not exceed 20 percent of secondary assessed valuation), with \$22.5 million unused.	
Revenue Bonds	Promissory notes backed by a dedicated revenue source (see user fees, special industry tax, development impact fees). Often backed by City sales taxes. Typically used for capital expenditures.	Typically repaid via taxes/fees on those utilizing the facilities (i.e., water fees); not subject to statutory debt limits; usually do not require voter approval; do not affect overall municipal credit rating.	May have higher interest rate than general obligation bonds; interest rate varies with financial strength of revenue source.	Water and sewer revenue bonds: \$3.0 million outstanding. Public Improvement Corp. (PIC), municipal facilities revenue bonds: \$4.0 million outstanding. Water Infrastructure Finance Authority (WIFA) loan: \$12.4 million outstanding. Greater Arizona Development Authority (GADA) bonds: \$5.6 million outstanding.	Not applicable – not subject to statutory debt limits. However, subject to project application to funding authorities.	







				City of Goodyear		
Name	Description	Advantages	Disadvantages	Budget FY02-03	Potential Available Capacity	
Municipal Property/ Development/Public Improvement Corporations (MPC/MDC/PIC)	Non-profit, tax-exempt corporation empowered to issue revenue bonds backed by excise (sales) tax revenues.	Not subject to statutory debt limits; no voter approval required; bonds treated as if issued directly by the municipality.	Complex administrative procedures; municipal approval required for debt issuance; ultimate municipal ownership.	No revenues in FY02-03 (\$4.3 million in revenues in FY01-02). \$4.0 million outstanding bonds.	Not applicable – not subject to statutory debt limits.	
Certificates of Participation (COP)	Installment sales agreement (i.e., lease-purchase) renewed annually, usually with transfer of ownership after specified period. Typically used for depreciable equipment or facilities.	Avoid debt limits; no voter approval required; investor insurance available; not subject to competitive sales statutes.	Complex administrative procedures; high interest rates.	Not utilized to date in Goodyear.	Not applicable – not subject to statutory debt limits.	
Special Improvement Districts/Community Facilities Districts	Generally, defined area with fees/taxes imposed to provide specific public services to the residents/businesses located therein. Used for both operating and capital expenditures.	Restriction of fees/taxes to specified area; cost/benefit transparency; reduced need for other revenue sources; may not require voter approval; flexible use; may be used to issue revenue bonds. A significant amount of public infrastructure is designed and built by private interests well in advance of the City's available financial capacity.	Benefit only those within district; difficult to establish and administer; may reduce government coordination; may require voter approval.	\$40.0 million from CIP fund improvement district (53.8 percent of capital revenues).	Not applicable – not subject to statutory limits. Requires approval of property owners and/or residents within the district.	
Dedications	Standardized, obligatory transfers of on-site land and/or infrastructure from a private party to the municipality at no cost.	Provision of land/facilities by new development.	Potentially high administrative costs; piecemeal infrastructure improvements.	No direct fiscal impact. Required by City Code (i.e., Subdivision Regulations).	Not applicable – not subject to statutory limits.	







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Name	Description	Advantages	Disadvantages	Budget FY02-03	Potential Available Capacity
	May be required for infrastructure rights-of-way, drainage, parks/recreation, etc.				
Exactions	Negotiated, case-by-case contributions of off-site land and/or facilities by a developer in return for municipal development approval. Sometimes also called development agreements.	Provision of land/facilities by new development.	Potentially high administrative costs; piecemeal infrastructure improvements; prolonged and uncertain negotiations; perceived/actual variations in agreements; potential legal challenges.	Negotiated on a case-by- case basis. Police & fire O & M revenues . New police and fire station at Estrella Mountain Ranch	Not applicable – not subject to statutory limits.
Development Agreements	Voluntary agreements/exactions between property owners and the municipality to protect or reserve land (i.e., parks, sensitive lands) and/or historic structures. May regulate use, density, height, etc.	Mutual objectives; reduced cost.	Non-standard approach for each development; may be administratively complex to establish.	Potential direct/indirect fiscal impacts. Negotiated on a case-by-case basis. Voluntary contributions as per City/School/Developer Compact Police & fire O & M. Significantly utilized in Goodyear.	Not applicable – not subject to statutory limits.
Jurisdictional Revenue / Facilities Sharing	Voluntary agreements between public entities for the sharing of revenues and expenditures related to operating/capital expenditures.	Potential cost reduction, increased efficiency, decreased municipal competition, and increased resources for weaker municipalities.	Administratively complex to establish and administer; potential loss of funds and/or reduction in service levels for stronger communities.	Potential direct/indirect fiscal impacts. Negotiated on a case-by-case basis. Estrella Parkway construction (Phase I and II).	Not applicable – not subject to statutory limits.







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Name	Description	Advantages	Disadvantages	Budget FY02-03	Potential Available Capacity
Public-Private Partnerships	Voluntary agreements to share the cost of infrastructure/services between the public and private sectors.	May result in lower operating, capital expenditures, higher productivity, reduced burdens on the public sector.	Administratively complex to establish; may increase public security risks; public sector may be forced to resume responsibility if private sector services have problems; increased financing costs.	Use of school facilities Partnership with Arizona Public Service (APS) for customer service center at City Hall. Share space. Collect payments. Joint development/ operation agreement for Goodyear Wastewater Treatment Plant (ended FY01-02). City owns 1.4 mgd wastewater treatment capacity. YMCA provides resources for facility construction.	APS could handle utility billings.
Privatization	Provision by the private sector of typical public provided services. May include contracting-out (i.e., vehicles, equipment), franchise agreements (i.e., utilities), and specific projects (i.e., cultural facilities).	May result in lower operating/capital expenditures, higher productivity, and reduced burdens on the public sector.	Administratively complex to establish; may increase public security risks; public sector may be forced to resume responsibility if private sector services have problems; increased financing costs.	Solid waste collection services (twice weekly pick-up)	Not applicable – not subject to statutory limits.

Source: City of Goodyear and URS, December 2002.







- **Efficiency** How easy is the funding mechanism to implement and use? How effective is it at recovering the cost of new public services?
- **Equity** Is the cost of the funding mechanism shared equally? What about community members who may not be able to afford the full cost?

A review of funding mechanisms in Table 8.1 indicates that the City is effectively utilizing a wide-variety of funding mechanisms. Major revenue sources for the FY02-03 budget include the following:

- Capital improvement project fund, \$40.0 million
- Fund balances, \$28.8 million
- General obligation bonds, \$16.0 million
- User fees, \$12.8 million
- Transaction privilege (sales) taxes, \$10.4 million

The City has also negotiated with developers to obtain funding, facilities and/or operations, including the following:

- Joint development/operation agreement for the Goodyear Wastewater Treatment Plant
- Revenues for police and fire operations/maintenance revenues
- New police and fire station at Estrella Mountain Ranch
- New public safety facility at Palm Valley
- May negotiate revenues for Rainbow Valley Water Reclamation Facility

In addition, the City is working with other government and quasi-government agencies to provide the following services/facilities:

- Estrella Parkway construction (agreement with Maricopa County Department of Transportation)
- Use of school facilities (agreements with school districts)
- Partnership with (Arizona Public Service (APS) for customer service center at City Hall
- YMCA, Agua Fria High School, and City of Goodyear recreation facilities

The City appears to be effectively tapping available funding mechanisms, as evidenced by the information presented above and in Table 8.1. It is notable







that as of the start of FY02-03, the City had \$22.2 million in general obligation bonds outstanding, in comparison with its voter approved general obligation bonding limit of \$160.8 million.

Municipal general obligation bonding is subject to a two-part test. The first part of the test is voter approval, with the voters in Goodyear previously supporting the City's desire to issue a total of \$160.0 million in general obligation bonds.

The second part of the test is the application of State constitutional limits that specify the maximum amount of bonds the City may issue. The bonding limit is determined as a percentage of the secondary assessed value of real property in the City and is divided into two categories. The first category applies to bonds that are issued for general purposes, which may not exceed 6 percent of the municipality's primary assessed value. The second category applies to general obligation bonds issued for water, lights, sewer, open space, and parks, which may not exceed 20 percent of secondary assessed valuation. These limits increase annually as the secondary assessed valuation of real property within the municipality increases in value.

In FY 2002-03, the first category (6 percent limit) totals \$10.4 million in Goodyear, with \$9.9 million previously issued. The remainder of \$0.5 million is presently unused. The second category (20 percent limit) totals \$34.9 in Goodyear in FY 2002-03, with \$12.4 million previously issued by Goodyear, leaving \$22.5 million unused.

While these unused amounts suggest that the City has significant untapped bonding capacity, they can also be interpreted as indicating that the City has been effective in utilizing other funding mechanisms and has largely been able to match annual expenditures and revenues.







8.2 Cost of Development Goals, Objectives and Policies

The goals, objectives, and policies presented in the Cost of Development Element serve as the City's guide to appropriately fund City services, infrastructure and facilities. The presented goals are the result of input from the General Plan Advisory Committee (GPAC) and the residents of the City, City Finance Department, other City Department staff involvement, and URS's professional assessment.

The Cost of Development goals respond to the following issues:

- To provide adequate facilities and services concurrent with future development
- To equitably assess the costs of growth

The supporting objectives and policies serve as guidelines for implementation activities, which will aid the City in reaching its desired vision.

Goal A: A City that Effectively Manages Its Growth.

Objective A-1: Provide adequate facilities and services concurrent with future growth.

Policy A-1a: The City shall regularly update and coordinate its Capital Improvement Program (CIP) with the General Plan.

Policy A-1b: The City shall use the Capital Improvement Program (CIP) to provide timely infrastructure and facilities to serve existing and new development.

Policy A-1c: The City shall prepare, adopt and utilize utility master plans for water resources, wastewater collection and treatment, and biosolids and effluent reuse.

Policy A-1d: The City shall critically evaluate its capacity to incur annual operation and maintenance costs when contemplating the implementation of capital improvements projects.







Objective A-2: Aggressively target infill properties for future development.

Policy A-2a: The City shall prepare and implement an infill incentives program.

Policy A-2b: The City shall prepare and regularly update an infill property database.

Policy A-2c: The City shall consider the reprioritization of Capital Improvement Program projects to enhance the timing of infill development.

Goal B: A City that Equitably Collects and Distributes the Costs of Growth.

Objective B-1: Maintain and, where possible, improve the level of municipal services and facilities.

Policy B-1a: The City shall inventory its existing levels of municipal services and facilities on an annual basis as a direct input and relationship to its development fee schedule and development agreements.

Policy B-1b: The City shall prepare, update and adopt its fiscal impact model annually and development impact fees frequently.

Policy B-1c: The City shall continually evaluate its tax rates and user fees commensurate with its costs to provide municipal services.

Policy B-1d: The City shall critically evaluate development proposals to set forth appropriate operation and maintenance costs.

Policy B-1e: The City shall investigate potential funding sources to provide additional regional infrastructure required to serve future development within its boundaries.







Policy B-1f: The City shall assess its competitiveness in expanding and recruiting business and industry with respect to its fee and regulation structure.

Objective B-2: Evaluate the availability and capacity of funding sources to finance growth.

Policy B-2a: The City shall periodically evaluate newly adopted federal and state and/or unused funding mechanisms that could be available to augment City services, infrastructure, and facilities.

Policy B-2b: The City shall consider the necessity of hiring or retaining a full time grant preparation/coordination position to enhance the City's capture of state and federal infrastructure and other community resources.

Policy B-2c: The City shall identify and pursue possible public-private funding ventures.







8.3 Cost of Development Use and Capacity

Together, three sources accounted for over 75 percent of the City's budgeted \$137.1 million in revenues for fiscal year 2002-03: bond/loan proceeds (\$56.0 million); fund balances (\$28.8 million); and local taxes (\$18.4 million). The City also received significant revenues (\$8.7 million) in user fees for utilities (water, sewer, and sanitation) that were tied to the provision of utility services and infrastructure. In addition, the City also utilized short-term and limited non-monetary exactions to gain significant facilities, infrastructure, and services in exchange for development approvals.

When other options are exhausted, the City may wish to consider and compare the merits of additional capacity for the generation of revenues and/or the provision of infrastructure. The following is a list of possible additional financing capacity:

- Transaction Privilege (Sales) Tax: The City may consider increasing the existing sales tax of 2.0 percent in order to generate additional general fund revenues. This tax does not require voter approval.
- **Franchise Taxes:** The current taxes on electricity, gas, and cable TV could be increased to produce additional general fund revenues. This tax requires voter approval.
- **User Fees:** The City could increase and/or expand existing user fees to cover operating and/or capital expenditures/debt service by the general fund and enterprise funds. This would not require voter approval.
- **Development/Non-Utility Impact Fees:** The City currently charges development impact fees for water and sewer infrastructure and non-utility facilities. As examined in a recent study, such fees could be expanded to cover other public facilities (i.e., police, fire/emergency protection, transportation, parks, etc.). These do not require voter approval, but must meet rational nexus and proportionality tests.
- **General Obligation Bonds:** The City has \$0.5 million unused in general obligation bond capacity for general purposes and \$22.5 million in general obligation bond capacity for water, lights, sewer,







open space and/or parks. Voter authorization is in place for use of the unused capacity.

- Revenue Bonds: The City has some revenue bonds currently outstanding. Revenue bonds are not subject to limits and do not require voter approval. They are required to be tied to a revenue source, so the City may wish to search for additional revenue bonding opportunities.
- **Certificates of Participation (COPs):** The City has no Certificates of Participation outstanding; these are not subject to debt limits or voter approval. However, they are administratively complex and often have high interest rates.
- Special Improvement/Community Facility Districts: The City currently has a CIP fund that provides significant annual funding. The City has also approved the organization of more than six community facility districts within the last 10 years. The City may wish to consider the use of additional districts for the provision of new and/or upgrading existing infrastructure.
- **Non-Financial Mechanisms:** The City currently utilizes non-financial mechanisms for the provision of facilities, infrastructure and services (i.e., dedications, exactions, and development agreements). It should continue to utilize these and may wish to expand their application.
- Others: A number of other financing mechanisms exist (i.e., jurisdictional revenue/facilities sharing, public-private partnerships, privatization). The City has effectively utilized public-private partnerships for the customer service center at City Hall and the LPSCo Water Reclamation Facility. While these are relatively complex to negotiate and administrate, given the current success with these mechanisms, the City should search for additional partnership opportunities. The City shall assess the impact of any increase in taxes, fees and other revenue generators with respect to its ability to add to its base of business and industry as these are the engines that drive its employment and revenue base.







8.4 Cost of Development Element Implementation Activities

The Cost of Development Implementation Activities identify both short-and long-term projects that will achieve the goals and objectives identified previously. A listing of these activities is provided below and organized into both near (1-5 year) and long-term (5-10 year) timeframes to support the 10-year update timeframe mandated by Arizona Revised Statutes (ARS). The activities identified for near-term implementation are further defined in Chapter 12.0, *Implementation Program*.

Near-Term Implementation Activities	Long-Term Implementation Activities
Update Capital Improvements	Prepare Infill District Program
Program (including staff, operation	
and maintenance costs)	
Update/Prepare Water and	Prepare Infill Property Database
Wastewater Master Plan	
Update Fiscal Impact Model	Prepare Funding Mechanisms Study
Update Utility Development Impact	Prepare Public-Private Funding Study
Fees	
Hire Grants Coordinator	
Prepare Adequate Public Facilities	
Ordinance	



